

15. Rules for conjunctive use programs - The Principles Agreement will include provisions on the conjunctive use and management of Central Valley groundwater and proposed rules for groundwater based transfers.
16. Bonds to provide funding - The Principles Agreement will describe the revenue bond funding for the construction of new facilities, including the amount of bonds, time of issuance, who issues them, and who will repay them.
17. State and federal appropriations - The Principles Agreement will describe the proposal for federal and state appropriations to fund the construction of that portion of the new CALFED facilities which are dedicated to ecosystem restoration and environmental purposes.
18. Water user fees for O&M of new facilities - The Principles Agreement will describe the process by which water users will contract for any new water supply provided by CALFED facilities and for use of and access to CALFED facilities, including payment of operations and maintenance costs.
19. Federal legislation will also provide water supply reliability assurances, with a provision that all necessary permits for construction and operation of new facilities will be granted so long as the proposed facilities and their operation are consistent with the CALFED Program.
20. Assurances for protection of water rights will be provided by legislation which codifies the conditions under which a source water county can condition or disapprove a transfer.
21. Water rights and groundwater protection assurances will also be provided by water transfer rules that permit source counties to disapprove or impose conditions (such as restrictions on quantities or timing) on water transfers out of their counties, based upon criteria designed to protect local economies, environmental conditions and groundwater resources without unduly restricting the water market.
22. Water rights assurances will also be provided by provisions in the facilities construction bonds that preclude use of the isolated system to convey transferred water if the transfer has been disapproved by the source county.

E. Levee Stability

1. Local reclamation districts will continue to maintain the levees within their jurisdictions, with financial and technical support from DWR and the US Army Corps of Engineers (USACE), and emergency assistance from the Federal Emergency Management Agency (FEMA).

2. The Principles Agreement will include a proposal for funding by state and federal appropriations or bonds, for initial levee improvements to bring them up to USACE/FEMA standards.
3. DWR will administer funds provided by federal or state appropriations or state bonds, for the initial phase of levee improvements required to bring designated levees up to USACE/FEMA standards.
4. Funds will be allocated for levee improvements after review and approval by DWR, the ecosystem restoration manager, and the reclamation district.
5. Reclamation districts and landowners may be required to make the following agreements before money will be released to individual islands for levee improvements:
 - o Transfer of habitat easements for necessary habitat
 - o Transfer of development rights
 - o Agreements on levee maintenance techniques
 - o Agreements to implement subsidence management measures
 - o Agreements to enter into discharge management programs (see "Water Quality")
6. The ecosystem restoration manager and the ESA regulatory agencies will provide "safe harbor" agreements for Delta landowners and Reclamation Districts who agree to operate and maintain levees in accordance with ERPP.
7. Program phasing will ensure that specified critical levee improvements (e.g., on the key western islands) will be completed before the construction of the isolated facility.
8. An interagency emergency response program will be created and administered by DWR. The program will assure that resources are available to respond to major flooding or seismic events in the Delta on a timely basis. Funding for the program will be provided by state and federal appropriations, or water user fees.

F. Water Quality

1. The Principles Agreement will include agreements on the use of new facilities to meet water quality objectives, timelines for compliance, proposed revisions to the WQCP, funding for water quality programs, etc. The general approach to achieving the water quality objectives of the Program is a tiered or layered approach. The first layer is financial incentive or assistance programs administered by the SWRCB. If, after an agreed upon period of time, water quality objectives are not being met, the approach will shift to reliance on regulations, with penalties and sanctions for non-compliance. The third layer is reliance on legal actions to compel compliance.